

**UNITED STATES DEPARTMENT OF ENERGY
WESTERN AREA POWER ADMINISTRATION**

**COLORADO RIVER STORAGE PROJECT
ARIZONA, COLORADO, NEW MEXICO, UTAH**

SCHEDULE OF RATE FOR FIRM POINT-TO-POINT TRANSMISSION SERVICE

Effective:

The first day of the first full billing period beginning on or after October 1, 2008, and extending through September 30, 2013, or until superseded by another rate schedule, whichever occurs earlier.

Available:

In the area served by the Colorado River Storage Project (CRSP) transmission system.

Applicable:

To firm point-to-point transmission service customers for which power and energy are supplied to the CRSP transmission system at points of interconnection with other systems and transmitted and delivered, less losses, to points of delivery on the CRSP transmission system established by contract.

Character and Conditions of Service:

Transmission service for alternating current, 60 hertz, three-phase, delivered and metered at the voltages and points of delivery established by contract.

Point-to-Point Rate Formula:

The firm point-to-point rate is based on a test year using an annual fixed charge methodology. The test year is the most recent historical data available. The annual revenue requirement is reduced by revenue credits. The resultant net annual cost to be recovered is divided by the capacity reservation needed to meet firm power and transmission commitments in kW, including the total network integration loads at system peak, to derive a cost/kWyear. The cost/kWyear is calculated using the following formula:

1. $ATTR - TRC = NATRR$
2. $\frac{NATRR}{TSTL}$

Where:

ATTR = Annual Transmission Revenue Requirement. The costs associated with facilities that support the transfer capability of the CRSP transmission system, excluding generation facilities. These costs include investment costs, interest expense, depreciation expense, administrative and general expenses, and operation and maintenance expenses, including transmission purchases. Transmission purchases reflect those costs associated with CRSP contractual rights.

TRC = Transmission Revenue Credits. The revenues generated by the CRSP transmission system, such as scheduling and dispatch ancillary service revenues and phase shifter revenues, and excluding long-term firm transmission revenues.

NATTR = Net Annual Transmission Revenue Requirement. The Annual Revenue Requirement less Transmission Revenue Credits.

TSTL = CRSP Transmission System Total Load. The sum of the total CRSP transmission capacity under the long-term reservation plus the total network integration loads at system peak.

This formula will be recalculated annually by applying the data from the most current historical test year. If needed, a revised rate will be placed into effect every October 1. Western will provide notification 30 days prior to a revised rate becoming effective. The rate for transmission service includes scheduling, system control, and dispatch. Rate Schedule SP-RS3, or any superseding rate schedule, for reactive supply and voltage control is attached as part of this Rate Schedule and applies to firm point-to-point transmission customers.

Billing:

The point-to-point transmission customer will be billed monthly by applying the resulting rate to the maximum amount of capacity reserved, payable whether used or not, except as otherwise provided in existing contracts.

Requirements for Reactive Power:

Requirements for reactive power shall be as established by contract; otherwise, there shall be no entitlement to transfer of reactive kilovolt amperes at delivery points except when such transfers may be mutually agreed upon by the Contractor and the contracting officer or their authorized representatives.

Adjustment for Losses:

Power and energy losses incurred in connection with the transmission and delivery of power and energy under this rate schedule shall be supplied by the customer as established by contract. If

losses are not fully provided by a transmission customer, charges for financial compensation may apply.

Adjustment for Industry Restructuring:

Any transmission-related costs incurred by Western due to electric industry restructuring or other industry changes associated with providing CRSP transmission service will be passed through to each transmission customer, as appropriate.